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Business Economics Division

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Monthly
Failures

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BUSINESS FAILURES RESUME CLIMB
REACH ANOTHER FIVE-YEAR HIGH

NEW YORK, November 3 - - With a 12.2 per cent upturn, business failures resumed their climb in June to reach 1,094, the most in any month since 1975, according to Dun & Bradstreet. Up from 975 in May, business casualties exceeded by almost 500 their year-ago pace of 602 in the corresponding month.

Dollar liabilities involved in the June failures also increased, pushing up 14.6 per cent to $436.7 million from $381.1 million in the previous month. The volume of liabilities was almost half again as heavy as in June last year when $273.2 million was incurred and represented the largest total since the $475 million in October 1978. There were 66 million dollar bankruptcies as against 35 a year earlier.

Retailing casualties climbed most sharply, 19 per cent, between May and June whereas tolls in other functions increased 4 to 10 per cent. Failures among food and general merchandise stores reached the highest level since 1975 and among apparel stores since 1976. Apparel manufacturers also were hit with a severe increase. A noteworthy upturn also occurred in business services, up 44 per cent between May and June, while there was little change in other types of service operation.

Casualties ran substantially higher than in June 1979 in all functions. In many lines of business, failures more than doubled - - the apparel, furniture, metals and transportation equipment industries in manufacturing, in general merchandise and automative retailing, in auto parts wholesaling, in building subcontracting, in transportration and business services.

Geographic trends were mixed as failing businesses increased during June in five regions and slackened in four regions. Particularly strong upturns prevailed in the East South Central and Pacific States. Year-to-year climbs, however, prevailed in eight out of nine regions with steep jumps from June 1975 in Missouri, Nebraska, Kansas, Georgia, Florida, Tennessee, Alabama, Idaho, Colorado, Washington and California.

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INDUSTRY AND TRADE	NUMBER OF FAILURES				LIABILITIES			
	JUNE		SIX MONTHS		JUNE		SIX MONTHS	
	1980	1979	1980	1979	1980	1979	1980	1979
MINING AND MANUFACTURING								
Mining-Coal, Oil, Miscellaneous	7	6	42	32	6,253	6,645	69,805	26,476
Food & Kindred Products	5	9	30	29	1,584	11,475	19,059	27,434
Textile Mill Products & Apparel	22	9	98	72	29,296	3,545	90,810	62,171
Lumber & Lumber Products	24	12	110	69	7,363	16,357	33,750	41,199
Paper, Printing & Publishing	9	16	66	80	1,197	2,821	30,434	19,141
Chemicals & Allied Products	3	2	22	19	2,029	501	8,614	12,824
Leather & Leather Products	--	--	9	4	--	--	8,850	8,898
Stone, Clay & Glass Products	5	1	28	14	803	103	8,050	14,501
Metals Primary & Fabricated	15	5	73	45	7,703	9,191	97,621	27,304
Machinery	19	15	90	95	4,702	9,716	60,852	91,191
Transportation Equipment	12	5	47	25	13,283	13,086	39,803	34,387
Miscellaneous	18	11	125	94	6,248	1,900	94,443	33,034
TOTAL MINING & MANUFACTURING	139	91	740	578	80,461	75,340	562,091	398,560
WHOLESALE TRADE								
Food & Farm Products	20	13	94	82	14,464	3,415	53,876	39,310
Apparel	4	2	17	16	654	516	5,282	3,176
Dry Goods	3	2	13	9	3,678	8,713	14,941	11,901
Lumber, Bldg. Materials & Hardware	14	10	60	44	6,100	1,147	24,858	9,559
Chemicals & Drugs	2	4	22	15	650	380	6,624	10,721
Motor Vehicles & Auto Equipment	15	2	68	34	4,311	769	18,993	7,095
Electrical Goods	9	6	43	33	1,693	347	9,172	11,391
Furniture & Furnishings	7	2	31	19	3,953	2,137	14,177	7,319
Machinery, Equipment & Supplies	19	13	124	89	5,831	2,037	48,240	20,623
Miscellaneous	26	13	136	121	27,687	3,219	69,851	45,717
TOTAL WHOLESALE TRADE	119	67	608	462	69,026	22,680	266,014	166,812
RETAIL TRADE								
Food & Liquor	49	36	212	188	6,305	83,185	23,687	108,416
General Merchandise	18	7	77	35	32,304	783	49,158	10,493
Apparel & Accessories	60	34	279	232	7,237	3,107	37,906	24,331
Furniture & Home Furnishings	63	43	329	255	9,126	11,103	55,095	43,975
Lumber, Bldg. Materials & Hardware	24	19	124	88	2,716	3,243	22,760	21,763
Automotive Group	109	37	468	264	40,326	4,847	146,090	39,628
Eating & Drinking Places	85	46	454	334	17,354	8,840	97,262	82,520
Drug Stores	8	5	31	39	683	663	3,234	4,548
Miscellaneous	67	42	355	300	7,538	6,972	61,734	37,388
TOTAL RETAIL TRADE	483	269	2,329	1,735	123,589	122,743	496,926	373,062
CONSTRUCTION								
General Building Contractors	99	54	518	326	33,186	11,830	172,268	72,911
Building Sub-Contractors	107	53	524	369	95,776	9,676	241,178	60,008
Other Contractors	4	6	47	35	1,729	3,292	51,075	21,970
TOTAL CONSTRUCTION	210	113	1,089	730	130,691	24,798	464,521	154,889
COMMERCIAL SERVICE								
Passenger & Freight Transportation	39	16	214	127	14,446	15,644	78,127	83,080
Miscellaneous Public Services	4	1	12	9	1,320	2,945	4,574	4,071
Hotels	2	4	23	11	1,194	4,776	14,934	10,165
Cleaning, Dyeing & Repairing	5	2	20	16	491	14	1,276	1,165
Laundries	1	1	5	4	80	35	1,004	242
Funeral Services	3	2	7	4	460	128	1,103	197
Other Personal Services	9	6	56	41	937	246	4,107	3,178
Business Services	68	24	286	187	13,201	3,591	53,465	63,866
Repair Services	12	6	79	59	784	231	6,009	4,167
TOTAL COMMERCIAL SERVICE	143	62	702	458	32,913	27,610	164,599	170,131
TOTAL UNITED STATES	1,094	602	5,468	3,963	436,680	273,171	1,954,151	1,263,454

APPARENT ANNUAL NUMBER OF FAILURES PER 10,000 LISTED ENTERPRISES

	UNADJUSTED INDEX			ADJUSTED INDEX		
	1980	1979	1978	1980	1979	1978
January	31.2	27.7	21.8	30.9	27.4	21.5
February	31.4	27.8	27.4	27.5	24.4	24.0
March	39.1	30.1	26.3	36.2	27.9	24.6
April	45.2	32.7	25.3	42.2	30.8	24.1
May	40.9	30.3	24.3	39.3	29.1	23.4
June	47.7	25.9	21.7	48.7	26.2	21.9
July		25.3	20.2		27.5	22.0
August		30.6	27.4		32.9	29.8
September		23.5	20.3		26.1	22.6
October		32.9	21.8		33.6	22.5
November		24.0	26.0		23.1	25.2
December		22.7	24.0		24.9	26.4
Mo. Average		27.8	23.9			

DUN'S FAILURE INDEX RELATES THE NUMBER OF FAILURES IN EACH MONTH TO THE NUMBER OF INDUSTRIAL AND COMMERCIAL ENTERPRISES LISTED IN THE DUN & BRADSTREET REFERENCE BOOK. IT SHOWS THE ANNUAL RATE AT WHICH BUSINESS CONCERNS WOULD FAIL IF THE NUMBER OF FAILURES AND CONCERNS LISTED IN THAT MONTH PREVAILED FOR AN ENTIRE YEAR. THE INDEX IS EXPRESSED AS THE ANNUAL NUMBER OF FAILURES PER 10,000 LISTED INDUSTRIAL AND COMMERCIAL ENTERPRISES.

THE "UNADJUSTED" FIGURES HAVE BEEN SLIGHTLY ADJUSTED TO EQUALIZE, IN SO FAR AS POSSIBLE, THE NUMBER OF WORKING DAYS IN EACH MONTH. SEASONAL FLUCTUATIONS HAVE BEEN REMOVED IN THE ADJUSTED INDEX BY THE METHOD OF DEVIATIONS FROM A TWELVE-MONTH MOVING AVERAGE.

	NUMBER OF FAILURES			LIABILITIES (In Thousands of Dollars)		
	1980	1979	1978	1980	1979	1978
January	729	642	504	243,149	182,220	168,308
February	677	545	559	190,788	177,087	205,014
March	925	732	666	274,238	187,763	324,412
April	1,068	734	594	428,150	242,764	202,990
May	975	708	583	381,146	200,449	160,395
June	1,094	602	519	436,680	273,171	178,839
July		565	459		212,200	231,821
August		736	675		287,438	206,395
September		505	458		186,195	127,022
October		767	511		395,753	475,342R
November		519	556		184,307	178,933
December		509	535		138,015	196,535
Total		7,564	6,619		2,667,362	2,656,006R

BUSINESS FAILURES INCLUDE THOSE BUSINESSES THAT CEASED OPERATIONS FOLLOWING ASSIGNMENT, OR BANKRUPTCY; CEASED WITH THE LOSS TO CREDITORS AFTER SUCH ACTIONS AS EXECUTION, FORECLOSURE, OR ATTACHMENT; VOLUNTARILY WITHDREW LEAVING UNPAID OBLIGATIONS; WERE INVOLVED IN COURT ACTIONS SUCH AS RECEIVERSHIP, REORGANIZATION, OR ARRANGEMENT, OR VOLUNTARILY COMPROMISED WITH CREDITORS OUT OF COURT.

LIABILITIES, AS USED IN THE FAILURE RECORD, HAVE A SPECIAL MEANING: THEY INCLUDE ALL ACCOUNTS AND NOTES PAYABLE AND ALL OBLIGATIONS, WHETHER IN SECURED FORM OR NOT, KNOWN TO BE HELD BY BANKS, OFFICERS, AFFILIATED COMPANIES, SUPPLYING COMPANIES, OR THE GOVERNMENT. THEY DO NOT INCLUDE LONG-TERM, PUBLICLY-HELD OBLIGATIONS. OFFSETTING ASSETS ARE NOT TAKEN INTO ACCOUNT.

UNITED STATES FAILURES BY STATES -- JUNE 1980

REGIONS AND STATES	NUMBER OF FAILURES				LIABILITIES (In Thousands of Dollars)			
	JUNE		SIX MONTHS		JUNE		SIX MONTHS	
	1980	1979	1980	1979	1980	1979	1980	1979
MAINE	2	8	27	24	213	601	15,676	2,488
NEW HAMPSHIRE	--	1	7	10	--	680	557	5,021
VERMONT	2	--	9	3	138	--	1,371	71
MASSACHUSETTS	27	23	127	111	9,543	8,980	63,296	40,110
CONNECTICUT	11	15	59	53	5,104	3,706	16,852	8,342
RHODE ISLAND	2	--	10	2	104	--	9,182	878
TOTAL NEW ENGLAND	44	47	239	203	15,102	13,967	106,934	56,910
NEW YORK	60	30	276	277	18,007	5,406	193,691	115,796
NEW JERSEY	30	40	223	195	5,457	22,834	79,515	89,420
PENNSYLVANIA	43	30	279	195	10,370	9,778	56,489	93,889
TOTAL MIDDLE ATLANTIC	133	100	778	667	33,834	38,018	329,695	299,105
OHIO	28	27	150	161	5,036	7,963	29,774	42,007
INDIANA	28	23	131	90	8,032	6,745	37,043	27,822
ILLINOIS	48	17	284	201	12,746	1,954	64,982	49,851
MICHIGAN	56	32	309	249	12,319	4,966	87,404	73,234
WISCONSIN	29	14	105	63	9,020	1,692	23,333	6,154
TOTAL EAST NORTH CENTRAL	189	113	979	764	47,153	23,320	242,536	199,068
MINNESOTA	22	22	121	115	9,042	5,196	82,457	25,538
IOWA	6	7	47	42	901	1,034	9,562	6,467
MISSOURI	15	--	66	33	6,951	--	24,431	4,316
NORTH DAKOTA	4	3	29	13	498	1,169	6,875	3,992
SOUTH DAKOTA	5	2	30	16	1,066	384	8,628	5,757
NEBRASKA	14	6	59	33	1,469	1,410	8,979	4,440
KANSAS	19	4	82	51	3,145	2,606	12,946	8,234
TOTAL WEST NORTH CENTRAL	85	44	434	303	23,072	11,799	153,878	58,744
MARYLAND	11	16	74	73	1,263	830	11,534	11,283
DELAWARE	2	--	5	6	152	--	1,194	1,109
DISTRICT OF COLUMBIA	--	--	--	7	--	--	--	1,371
VIRGINIA	16	18	112	69	6,082	2,434	28,894	12,699
WEST VIRGINIA	3	--	19	10	29,391	--	39,949	6,704
NORTH CAROLINA	10	7	74	56	1,573	1,328	27,678	12,027
SOUTH CAROLINA	--	--	--	2	--	--	--	12,042
GEORGIA	21	6	127	73	12,597	1,441	61,269	19,254
FLORIDA	32	2	95	46	10,533	4,234	27,591	25,032
TOTAL SOUTH ATLANTIC	95	49	506	342	61,591	10,267	198,109	101,521
KENTUCKY	10	8	76	30	3,268	2,888	21,848	6,860
TENNESSEE	74	10	244	93	24,807	663	78,600	12,633
ALABAMA	24	7	63	69	2,640	444	36,458	12,406
MISSISSIPPI	7	4	29	20	1,700	599	10,503	6,010
TOTAL EAST SOUTH CENTRAL	115	29	412	212	32,415	4,594	147,409	37,909
ARKANSAS	5	6	41	36	782	288	10,229	3,944
OKLAHOMA	22	8	118	73	3,619	2,241	30,759	17,410
LOUISIANA	7	26	54	73	6,800	17,912	45,420	32,041
TEXAS	49	40	379	289	25,786	83,981	175,487	186,679
TOTAL WEST SOUTH CENTRAL	83	80	592	471	36,987	104,422	261,895	240,074
MONTANA	5	2	15	20	4,870	128	6,113	3,822
IDAHO	12	1	36	9	5,723	27	9,360	1,105
WYOMING	--	--	--	2	--	--	--	1,626
COLORADO	18	10	83	61	2,245	7,589	18,126	17,313
NEW MEXICO	10	--	34	3	2,536	--	4,781	174
ARIZONA	8	--	10	14	909	--	1,041	773
UTAH	2	--	11	9	305	--	1,096	2,048
NEVADA	4	1	18	19	360	10	3,653	1,870
TOTAL MOUNTAIN	59	14	207	137	16,948	7,754	44,170	28,731
ALASKA	5	1	38	1	315	184	5,373	184
HAWAII	8	--	52	14	1,034	--	11,526	2,775
WASHINGTON	80	30	310	172	14,743	17,396	65,998	42,848
OREGON	14	19	92	93	2,223	25,081	97,362	36,674
CALIFORNIA	184	76	829	584	151,263	16,369	289,266	158,911
TOTAL PACIFIC	291	126	1,321	864	169,578	59,030	469,525	241,392
25 LARGEST CITIES								
NEW YORK, NEW YORK	37	24	159	212	14,991	5,069	173,120	104,968
CHICAGO, ILLINOIS	13	9	57	63	3,271	821	12,845	20,225
LOS ANGELES, CALIFORNIA	22	9	82	44	25,199	2,379	40,077	11,167
PHILADELPHIA, PENNSYLVANIA	5	--	65	37	716	--	9,962	23,204
DETROIT, MICHIGAN	2	5	27	31	118	574	10,899	6,702
HOUSTON, TEXAS	10	8	82	55	12,021	833	76,755	21,509
BALTIMORE, MARYLAND	5	8	29	31	303	455	5,872	6,218
DALLAS, TEXAS	7	5	45	45	961	2,400	14,814	32,267
WASHINGTON, D.C.	--	--	--	8	--	--	--	1,906
CLEVELAND, OHIO	--	5	--	16	--	3,030	--	4,276
INDIANAPOLIS, INDIANA	2	5	34	18	427	891	8,441	3,564
MILWAUKEE, WISCONSIN	7	1	12	9	6,154	78	6,741	969
SAN FRANCISCO, CALIFORNIA	4	2	22	25	2,012	271	7,037	12,953
SAN DIEGO, CALIFORNIA	1	1	14	6	114	28	2,046	863
SAN ANTONIO, TEXAS	2	3	28	17	102	913	6,211	4,028
BOSTON, MASSACHUSETTS	3	2	26	16	804	140	7,799	4,325
MEMPHIS, TENNESSEE	7	5	31	20	511	294	3,633	2,915
ST. LOUIS, MISSOURI	2	--	5	2	113	--	5,167	53
NEW ORLEANS, LOUISIANA	1	3	14	12	300	11,379	20,468	15,730
PHOENIX, ARIZONA	1	--	2	6	68	--	100	369
COLUMBUS, OHIO	2	2	16	9	89	83	3,687	4,096
SEATTLE, WASHINGTON	13	4	51	24	2,449	533	21,986	5,676
JACKSONVILLE, FLORIDA	--	--	--	--	--	--	--	--
PITTSBURGH, PENNSYLVANIA	4	1	23	11	204	125	3,161	16,068
DENVER, COLORADO	4	4	25	15	521	4,866	5,042	7,477
TOTAL 25 CITIES	154	106	849	732	71,498	35,162	445,863	311,528
BALANCE OF COUNTRY	940	496	4,619	3,231	365,182	238,009	1,508,288	951,926
TOTAL UNITED STATES	1,094	602	5,468	3,963	436,680	273,171	1,954,151	1,263,454

SIZE OF LIABILITIES (In Thousands of Dollars)

SIZE OF LIABILITIES BY INDUSTRY GROUP	JUNE 1980 NUMBER	JUNE 1980 PER CENT	JUNE 1980 CURRENT LIAB.	JUNE 1979 NUMBER	JUNE 1979 PER CENT	JUNE 1979 CURRENT LIAB.	SIX MONTHS NUMBER	SIX MONTHS PER CENT	SIX MONTHS CURRENT LIAB.	SIX MONTHS NUMBER	SIX MONTHS PER CENT	SIX MONTHS CURRENT LIAB.
MINING & MANUFACTURING	139	100.0	80,461	91	100.0	75,340	740	100.0	562,091	578	100.0	398,560
Under $5,000	--	--	--	--	--	--	1	0.1	2	1	0.2	1
$5,000 to $25,000	10	7.2	154	5	5.5	85	52	7.0	775	37	6.4	597
$25,000 to $100,000	30	21.6	1,990	30	33.0	1,662	170	23.0	10,114	169	29.2	9,330
$100,000 to $1,000,000	81	58.3	27,758	40	43.9	11,645	413	55.8	137,411	285	49.3	83,249
$1,000,000 and Over	18	12.9	50,559	16	17.6	61,948	104	14.1	413,789	86	14.9	305,383
WHOLESALE TRADE	119	100.0	69,026	67	100.0	22,680	608	100.0	266,014	462	100.0	166,812
Under $5,000	2	1.7	3	1	1.5	1	5	0.8	11	4	0.9	11
$5,000 to $25,000	5	4.2	69	5	7.5	87	35	5.8	546	35	7.6	556
$25,000 to $100,000	34	28.6	2,087	24	35.8	1,362	188	30.9	11,382	147	31.8	8,231
$100,000 to $1,000,000	62	52.1	20,657	35	52.2	11,018	321	52.8	95,797	244	52.8	77,951
$1,000,000 and Over	16	13.4	46,210	2	3.0	10,212	59	9.7	158,278	32	6.9	80,063
RETAIL TRADE	483	100.0	123,589	269	100.0	122,743	2,329	100.0	496,926	1,735	100.0	373,062
Under $5,000	3	0.6	10	2	0.7	5	21	0.9	64	23	1.3	64
$5,000 to $25,000	57	11.8	860	38	14.1	521	267	11.5	4,060	276	15.9	4,216
$25,000 to $100,000	213	44.1	12,383	114	42.4	6,395	989	42.5	56,466	779	44.9	43,376
$100,000 to $1,000,000	193	40.0	46,267	107	39.8	29,519	988	42.4	245,618	624	36.0	154,762
$1,000,000 and Over	17	3.5	64,069	8	3.0	86,303	64	2.7	190,718	33	1.9	170,644
CONSTRUCTION	210	100.0	130,691	113	100.0	24,798	1,089	100.0	464,521	730	100.0	154,889
Under $5,000	1	0.4	4	--	--	--	4	0.4	14	4	0.5	13
$5,000 to $25,000	23	11.0	379	17	15.0	217	113	10.4	1,847	89	12.2	1,331
$25,000 to $100,000	75	35.7	4,240	35	31.0	1,969	412	37.8	23,786	276	37.8	15,169
$100,000 to $1,000,000	101	48.1	26,540	57	50.5	16,501	514	47.2	216,117	334	45.8	90,590
$1,000,000 and Over	10	4.8	99,528	4	3.5	6,111	46	4.2	222,757	27	3.7	47,786
COMMERCIAL SERVICE	143	100.0	32,913	62	100.0	27,610	702	100.0	164,599	458	100.0	170,131
Under $5,000	--	--	--	1	1.6	4	4	0.6	18	8	1.7	23
$5,000 to $25,000	21	14.7	352	11	17.7	156	112	16.0	1,801	94	20.5	1,366
$25,000 to $100,000	48	33.6	2,678	24	38.7	1,331	271	38.6	14,834	167	36.5	8,907
$100,000 to $1,000,000	69	48.2	21,538	21	33.9	6,034	286	40.7	79,212	168	36.7	46,389
$1,000,000 and Over	5	3.5	8,345	5	8.1	20,085	29	4.1	68,734	21	4.6	113,446
TOTAL UNITED STATES	1,094	100.0	436,680	602	100.0	273,171	5,468	100.0	1,954,151	3,963	100.0	1,263,454
Under $5,000	6	0.5	17	4	0.7	10	35	0.7	109	40	1.0	112
$5,000 to $25,000	116	10.6	1,814	76	12.6	1,066	579	10.6	9,030	531	13.4	8,066
$25,000 to $100,000	400	36.6	23,378	227	37.7	12,719	2,030	37.1	116,582	1,538	38.8	85,013
$100,000 to $1,000,000	506	46.3	142,760	260	43.2	74,717	2,522	46.1	774,154	1,655	41.8	452,941
$1,000,000 and Over	66	6.0	268,711	35	5.8	184,659	302	5.5	1,054,276	199	5.0	717,322

FAILURES BY FEDERAL RESERVE DISTRICT BY DIVISIONS OF INDUSTRY...JUNE 1980
(Liabilities In Thousands of Dollars)

FEDERAL RESERVE DISTRICTS BY INDUSTRY GROUP	MANUFACTURING NUMBER	MANUFACTURING CURRENT LIAB.	WHOLESALE TRADE NUMBER	WHOLESALE TRADE CURRENT LIAB.	RETAIL TRADE NUMBER	RETAIL TRADE CURRENT LIAB.	CONSTRUCTION NUMBER	CONSTRUCTION CURRENT LIAB.	COMM. SERVICE NUMBER	COMM. SERVICE CURRENT LIAB.	U.S. TOTAL NUMBER	U.S. TOTAL CURRENT LIAB.
Boston	6	1,276	2	3,950	23	6,516	1	232	4	1,528	36	13,502
New York	14	5,997	12	4,227	25	4,868	10	723	15	4,742	76	20,557
Philadelphia	3	1,535	3	1,439	24	3,829	8	536	4	271	44	7,610
Cleveland	4	666	5	2,008	15	33,378	12	1,092	7	1,382	43	38,526
Richmond	5	3,053	1	15	19	4,454	6	875	7	1,312	38	9,709
Atlanta	19	27,734	10	5,464	74	10,076	28	3,349	16	4,773	147	51,396
Chicago	11	6,457	12	4,578	78	11,815	33	13,883	17	2,836	151	39,569
St. Louis	5	888	4	686	22	6,145	7	919	3	663	41	9,301
Minneapolis	3	3,051	4	271	23	8,006	11	1,781	3	3,580	44	16,689
Kansas City	15	8,658	12	1,617	48	6,263	17	3,054	11	2,127	103	21,719
Dallas	3	562	11	11,058	18	14,384	11	1,097	8	3,534	51	30,635
San Francisco	51	20,584	41	33,713	114	13,855	66	103,150	48	6,165	320	177,467
TOTAL UNITED STATES	139	80,461	119	69,026	483	123,589	210	130,691	143	32,913	1,094	436,680